United Mine Workers of America (Canterbury Coal Company) and Steve G. Meso and Timothy L. Boarts

United Mine Workers of America and Aloe Coal Company and Valley Coal Company. Cases 6– CB-7601, 6–CB-7779, 6–CB-8039, and 6–CB-8042

October 31, 1991

DECISION AND ORDER

By Members Devaney, Oviatt, and Raudabaugh

On a charge filed by Steve G. Meso on March 2, 1988, the General Counsel of the National Labor Relations Board issued a complaint on October 14, 1988, against the United Mine Workers of America, AFL-CIO (the Respondent), alleging that the Respondent has violated Section 8(b)(1)(A) of the National Labor Relations Act by maintaining and enforcing a rule against Meso, after he resigned his union membership and returned to work, that requires him to reimburse the Respondent for all strike benefits that he received while he was on strike against his Employer, Canterbury Coal Company (Canterbury). On a charge filed by Timothy L. Boarts on November 8, 1988, the General Counsel issued a consolidated amended complaint on December 22, 1988, against the Respondent, incorporating the complaint allegations regarding Meso, and further alleging that the Respondent unlawfully maintained and enforced the same rule against Boarts. On a charge filed by Aloe Coal Company (Aloe) on November 2, 1989, and by Valley Coal Company (Valley) on November 6, 1989, the General Counsel issued separate complaints on February 14, 1990, against the Respondent, alleging that the Respondent has violated Section 8(b)(1)(A) by maintaining the same strike benefits rule vis-a-vis their employees¹ On the same date, the General Counsel issued an order consolidating all the complaints. Thereafter, the Respondent filed a timely answer admitting in part and denying in part the allegations in the consolidated complaint.

On July 19, 1990, the Respondent, the General Counsel, the Charging Parties, and Canterbury filed a stipulation of facts and joint motion to transfer these proceedings directly to the Board. The parties agree that the charges, complaints, answers, and stipulation, with attached exhibits, shall constitute the entire record in these cases and that no oral testimony is necessary or desired by any of the parties. The parties further agree that the stipulation has been entered into by them for the purpose of the above-entitled matters only. The

parties waive a hearing before an administrative law judge, the making of findings of fact and conclusions of law by an administrative law judge, and the issuance of a decision by an administrative law judge, and agree to submit these cases directly to the Board for findings of fact, conclusions of law, and the issuance of a Decision and Order.

On September 14, 1990, the Deputy Executive Secretary, by direction of the Board, issued an order granting the motion, approving the stipulation, and transferring the proceeding to the Board. Thereafter, the Respondent, the General Counsel, and Charging Parties Aloe and Valley filed briefs.

The National Labor Relations Board has delegated its authority in this proceeding to a three-member panel.

On the entire record and briefs, the Board makes the following

FINDINGS OF FACT

I. JURISDICTION

Canterbury Coal Company, a Pennsylvania corporation with an office and place of business in Avonmore, Pennsylvania, has been engaged in the business of mining, hauling, and selling coal. During the 12-month period ending February 29, 1988, in the course and conduct of its business, it sold and shipped from its Avonmore facility products, goods, and materials valued in excess of \$50,000 directly to points outside the Commonwealth of Pennsylvania.

Aloe Coal Company, a Pennsylvania corporation with an office and place of business in Findlay Township, Pennsylvania, has been engaged in the business of mining and selling coal. During the 12-month period ending October 31, 1989, in the course and conduct of its business, it purchased and received at its Findlay Township facility products, goods, and materials valued in excess of \$50,000 directly from points outside the Commonwealth of Pennsylvania. During the same 12-month period, Aloe Coal Company sold and shipped from its Findlay Township facility products, goods, and materials valued in excess of \$50,000 directly to United Pittsburgh Coal Sales, Inc., a corporation with an office and place of business in Neville Island, Pennsylvania, where it has been engaged in a coal brokerage business. During the 12-month period ending October 31, 1989, United Pittsburgh Coal Sales, Inc., in the course and conduct of its business, performed services valued in excess of \$50,000 for various enterprises in States other than the Commonwealth of Pennsylvania.

Valley Coal Company, a Pennsylvania corporation with an office and place of business in Alverda, Pennsylvania, has been engaged in the business of mining and selling coal. During the 12-month period ending October 31, 1989, in the course and conduct of its

¹The complaint in Case 6-CB-8042 further alleged that the Respondent threatened to enforce the rule against employees if they crossed a picket line of the Respondent and returned to work for Valley.

business, it sold and shipped from its Alverda facilities products, goods, and materials valued in excess of \$50,000 directly to Pennsylvania Electric Company, a corporation with an office and place of business in Homer City, Pennsylvania, where it has been engaged as a public utility in the generation, transmission, distribution, and sale of electricity. During the 12-month period ending October 31, 1989, Pennsylvania Electric Company, in the course and conduct of its business, derived gross revenues in excess of \$250,000 and sold and shipped from its Homer City facility products, goods, and materials valued in excess of \$50,000 directly to points outside the Commonwealth of Pennsylvania.

Accordingly, in agreement with the stipulation of the parties, we find that Canterbury Coal Company, Aloe Coal Company, and Valley Coal Company are employers engaged in commerce within the meaning of Section 2(2), (6), and (7) of the Act and that the Respondent is a labor organization within the meaning of Section 2(5) of the Act.

II. ALLEGED UNFAIR LABOR PRACTICES

A. Facts

The Respondent is the representative of certain employees at Canterbury, Aloe, and Valley. In 1983 the Respondent amended its constitution to include a provision establishing a Selective Strike Fund to be financed by a special assessment of its members. The stated purpose of the fund is to aid members engaged in selective strikes and in cases of lockouts related to a selective strike. Strike benefits from this fund are distributed to striking members through the Respondent's Selective Strike Assistance Program (SSAP).

In October 1987 the Respondent approved a set of revised guidelines to govern the administration and distribution of benefits through the SSAP. The revised guidelines provide in pertinent part:

3. Strike Assistance shall be available, UPON AP-PLICATION, to all working members in the affected operation and local who are in good standing before a strike begins and who participate in the strike under the rules established by the International Union. Payment of strike assistance is also subject to the condition that the recipient shall observe the selective strike during its entire duration.

. . . .

7. Any member who undermines the selective strike strategy by going to work in a non-union mine or other non-union company within the jurisdiction of the International Constitution shall be terminated from the selective strike program for the duration of the current selective strike. Anyone who was a recipient of strike assistance and

returns to work during the selective strike shall owe the International Union reimbursement of all strike assistance previously paid him/her during the strike (including medical costs).

After authorization by the Respondent's president of a selective strike at a mining operation, union members who choose to participate in the strike are eligible to apply for receipt of strike benefits from the SSAP. Participation in the SSAP is voluntary and members who choose to refrain from participating in the SSAP may retain their membership and participate in all strike activities without being assessed a fine or penalty. Some members on selective strike have declined to enroll in the program.

Members who wish to participate in the SSAP receive a copy of the SSAP guidelines when they apply for strike benefits and agree in writing that if they are accepted into the program they will abide by the terms set forth therein. Under the guidelines, an accepted participant becomes bound to refrain from working for the struck employer, as well as any other nonunion mine or nonunion company within the Respondent's jurisdiction. If a participating member accepts employment with a nonunion mine or nonunion company during the strike, the receipt of SSAP benefits terminates. However, if during the strike, a participating member returns to work for the struck employer, the member, pursuant to rule 7 of the SSAP, must repay all strike benefits previously received, regardless of whether the individual resigned from the Respondent prior to returning to work.

Rule 7 of the SSAP is in effect and applies to all employees represented by the Respondent engaged in selective strikes at Canterbury, Aloe, and Valley. During the relevant time period, the Respondent has sought enforcement of the reimbursement provision of rule 7 against strikers after they resigned their union membership and returned to work at their struck employer, and has indicated that in the future it will invoke rule 7 against members who resign from the Respondent and return to work2 Further, at Valley, where a selective strike has been ongoing since August 1989, members on strike were told by a Respondent official in November of that year that if they resigned their membership and returned to work for Valley during the strike, the reimbursement provision of rule 7 would be enforced against them.

B. Contentions of the Parties

The General Counsel and the Charging Party Employers contend that the reimbursement provision of rule 7 constitutes a monetary penalty which unlawfully restrains and coerces employees who choose to exer-

² Attached to the stipulation as exhibits are letters dated February 2, 1988, to Meso and September 2, 1988, to Boarts requiring them to reimburse the Respondent \$61,418.08 and \$31,294, respectively.

cise their Section 7 right to resign their union membership and refrain from taking part in strike activity.

The Respondent contends that the reimbursement provision of rule 7 does not restrict resignations and advances the legitimate union interest of preserving its strike fund for the benefit of those remaining on strike. Further, the Respondent contends that SSAP participants voluntarily assume a contractual obligation to disgorge all strike benefits if they return to the struck employer during the strike and that holding them to that obligation does not interfere with their Section 7 right to refrain from concerted activity. Finally, the Respondent asserts that the SSAP involves an internal union matter over which the Board has no jurisdiction.

C. Discussion and Conclusions

The Respondent concedes that it enforced the reimbursement provision of rule 7 against strikers, including Meso and Boarts, who had received SSAP benefits and then resigned from the Respondent and returned to work for their struck employer. The Respondent further concedes that it will continue to enforce the provision against similarly situated striking employees who resign from the Respondent and return to work for their struck employer. For the reasons set forth below, we find that the Respondent, by maintaining, enforcing, and threatening to enforce rule 7 to collect money from former members who had tendered valid resignations before returning to work for their struck employer, has violated Section 8(b)(1)(A).

The seminal Board decision in this area is Machinists Local 1414 (Neufeld Porsche-Audi), 270 NLRB 1330 (1984), which was affirmed in principle by the Supreme Court in Pattern Makers League v. NLRB, 473 U.S. 95 (1985). In Neufeld the Board found that the union violated Section 8(b)(1)(A) by imposing a fine on an employee who attempted to resign from the union before returning to work where the union's constitution prohibited resignations. After reviewing a quartet of Supreme Court decisions that examined the authority of unions to enforce their rules against members and former members, the Board found that the union's conduct interfered with two fundamental statutory rights embodied in Section 7: the right to refrain from strikes and the right to resign union membership. Accordingly, it concluded that the union's constitutional restriction on resignations "as well as any other restriction a union may impose on resignation, is invalid, and that the Respondent violated Section 8(b)(1)(A) by imposing a fine" against the employee. Id. at 1331.

Of particular relevance to our decision in this case is the Board's reliance in *Neufeld* on the Supreme Court's decision in *NLRB v. Textile Workers Local* 1029, Granite State Joint Board, 409 U.S. 213 (1972), in which the Court held that union fines of former

members for crossing picket lines and working during a strike following lawful resignations violated Section 8(b)(1)(A)³ In *Granite State* union members voted to strike shortly before their contract expired and then adopted a rule that any member guilty of "aiding or abetting" the employer would be fined. Over the next 12 months several members resigned from the union and returned to work but were tried and fined by the union for violating the rule. The Court, reiterating the test first articulated in *Scofield v. NLRB*, 394 U.S. 423, 430 (1969), for evaluating the lawfulness of a union rule and its enforcement,⁴ struck down the rule and the fines with the following language:

The *Scofield* case indicates that the power of the union over the member is certainly no greater than the union-member contract. Where a member lawfully resigns from a union and thereafter engages in conduct which the union rule proscribes, the union commits an unfair labor practice when it seeks enforcement of fines for that conduct. That is to say, when there is a lawful dissolution of a union-member relation, the union has no more control over the former member than it has over the man in the street. [409 U.S. at 217.]

Although the rule in *Granite State* was properly adopted and reflected a legitimate union interest, thereby satisfying the first prong of the *Scofield* test, the rule ran afoul of the final two prongs and was thus unlawful because it impaired the Section 7 right of employees "to refrain from any or all" concerted activities and because it was enforced against those who tried to leave the union and escape the rule. Finally, in rejecting the union's contention that the rule was lawful because the union possessed a legitimate interest in preserving strike solidarity, the Court stated (409 U.S. at 217–218):

Events occurring after the calling of a strike may have unsettling effects, leading a member who voted to strike to change his mind. The likely duration of the strike may increase the specter of hardship to his family; the ease with which the employer replaces the strikers may make the strike seem less provident. . . .

[W]e conclude that the vitality of [Sec.] 7 requires that the member be free to refrain in November from the actions he endorsed in May and that his

³ In *Machinists Lodge 405 (Boeing Co.) v. NLRB*, 412 U.S. 84 (1973), the Court applied its decision in *Granite State* and held that a union violated Sec. 8(b)(1)(A) by fining employees who resigned before returning to work.

⁴In *Scofield* the Court stated that ''§ 8(b)(1) leaves a union free to enforce a properly adopted rule which reflects a legitimate union interest, impairs no policy Congress has imbedded in the labor laws, and is reasonably enforced against members who are free to leave the union and escape the rule.'' 394 U.S. at 430.

[Sec.] 7 rights are not lost by a union's plea for solidarity or by its pressures for conformity and submission to its regime. [Footnote omitted.]

Applying these principles to this case, the employees at Canterbury, Aloe, and Valley had a statutory right to resign their union membership and return to work for their employer during the strike. See, e.g., NLRB v. Textile Workers Local 1029, Granite State Joint Board, supra. The Respondent had a correlative obligation to accept any proffered resignation and, thereafter, to refrain from coercing employees in the exercise of their right to refrain from concerted activity. Machinists Local 1414 (Neufeld Porsche-Audi), supra. The Respondent, however, concedes that it has sought enforcement of the reimbursement provision of rule 7 of the SSAP against employees who had resigned from the Respondent prior to returning to work.

Contrary to the Respondent, we find that this rule imposes a financial penalty on those employees who return to work for their employer after receiving SSAP benefits. In this regard, we find it significant that rule 7 does not require reimbursement of SSAP benefits by individuals who, during a selective strike, go to work for any employer other than the employer which is the target of the selective strike⁵ The Board has found that a union may lawfully withhold strike benefits from those individuals who return to work during a strike in furtherance of a "policy of husbanding its strike treasury by limiting payments to those who had 'need' for the benefits." Colton Mfg. Co., 254 NLRB 696 (1981). In Colton, the "need-based" aspect of the strike benefits program was evidenced by the fact that "even the most loyal and active participants . . . will not receive benefits . . . if they are receiving any substantial earnings from employment (without regard to the identity of the employing source of such earnings)."

Here, in contrast, the reimbursement requirement was limited to those who returned to work for the struck employer before the strike had ended. Individuals who went to work for any other employer were not subject to this requirement⁶ In the absence of the neutral considerations present in *Colton*, the reimbursement provision of rule 7 is clearly "punitively linked to [employees'] strike breaking activity."

In Sheet Metal Workers Local 9 (Concord Metal), 297 NLRB 86 (1989), the Board found that the maintenance and enforcement of an agreement by employees to refrain from returning to work during a strike, and to pay a financial penalty if they violated this agreement, was unlawful as applied to them following their resignation from the union. The Board found that the monetary penalties imposed under the agreement unlawfully restricted the employees' right to refrain from participation in the strike8 The Board also found that the agreement unlawfully restrained the employees' right to resign from the union. As the judge explained, it effectively made them "involuntary members of the Union for the purpose of fining them for crossing the picket line" Id. at 89. See also Sheet Metal Workers Local 29 (Metal-Fab, Inc.), 222 NLRB 1156 (1976).

Like the agreement in Concord Metal, the enforcement of the reimbursement rule in this case exacts a financial penalty from those employees who exercise their rights to return to work after resigning from the Union. In addition, enforcement of the reimbursement provision of rule 7 effectively allows the Respondent to treat employees who have resigned from the union as members for the purpose of imposing such penalties. We therefore find that, by enforcing this rule against individuals who resigned their membership in the Respondent, the Respondent unlawfully restrained and coerced employees in the exercise of their Section 7 rights, discussed above, to resign from the Union and to refrain from concerted activity. Similarly, the Respondent's maintenance of the reimbursement rule, which the Respondent concedes it will continue to enforce against strikers who resign and return to work, and its threat to enforce this provision against strikers

⁵Rule 7 does provide that an individual who goes to work for a nonunion mine or other nonunion employer within the jurisdiction of the Respondent's constitution during the selective strike is no longer eligible for SSAP benefits. The maintenance and enforcement of this rule is not alleged to be unlawful.

⁶Under these circumstances, we need not decide whether a strike benefit repayment rule which applied to those employees who received any substantial earnings from any employment during a strike would also be unlawful.

⁷The Respondent contends, however, that the reimbursement requirement is not a penalty, but is nothing more than the restoration of the status quo ante of privately contracting parties. We disagree. The payment of periodic benefits to an employee under the SSAP obviously is the quid pro quo for that employee's refraining from

returning to work during the period covered for the struck employer, and no doubt acts as a substantial inducement in that regard. By striking, the employee gives up wages and benefits he would have received had he gone through the picket line. The SSAP implicitly acknowledges this continuing hardship by partially compensating the employee for those periodic losses. Thus, the requirement that the employee pay back the entire amount of the SSAP benefits, if, for example, he decides that after months of unemployment he and his family can no longer subsist on his income as a striker, does not restore the status quo ante. The employee cannot get back his lost wages and benefits. He must nonetheless now pay the Respondent money that may well be impossible but most certainly is an extreme hardship for him to raise as the amounts here involved attest. In these circumstances, to suggest, as does the Respondent, that the SSAP payback provision is a remedial measure of purely contractual dimensions blinks reality. It is a penalty, and a highly coercive one.

⁸The agreement required the employee to forfeit all wages earned by working behind the picket line and to pay an additional penalty of \$25 for each day worked. As the Board has recognized, "[e]xtracting money from an individual is a highly coercive measure . ." Food & Commercial Workers Local 91 (MacDonald Meat Co.), 284 NLRB 1084, 1085 (1987).

who resign and return to work also constitute unlawful restrictions of the employees' Section 7 rights.⁹

The Respondent contends that all members who participate in the SSAP voluntarily undertake a contractual commitment to repay the benefits they received on their return to work and that holding them to that promise cannot be considered "restraint or coercion" within the meaning of Section 8(b)(1(A). This contention, as noted by the Seventh Circuit in NLRB v. Sheet Metal Workers Local 73 (Safe Air), 849 F.2d 501, 504 (7th Cir. 1988), was rejected in the Supreme Court's Pattern Makers' decision which "clearly accepted the proposition that a union member can be coerced and restrained by a condition voluntarily accepted when compliance with the condition would interfere with the employee-member's exercise of his Section 7 rights." See also Granite State, supra at 217-218. Concord Metal, supra.

Finally, the Respondent, relying on *NLRB v. Allis-Chalmers Mfg. Co.*, 388 U.S. 175 (1967), contends that the SSAP involves an internal union matter and, as such, is outside the Board's jurisdiction. In *Allis-Chalmers*, the Court held that a union does not violate the Act by fining members who return to work during a strike, concluding that Congress had not intended to regulate a union's internal affairs in those circumstances. In that case, however, as the Court emphasized in *Granite State*, those fined "enjoyed full union membership," whereas in the present case, as in *Granite State*, those fined had resigned from the union.

In sum, we find for the reasons stated above that the Respondent's maintenance, enforcement, and threat to enforce the reimbursement provision of rule 7 against strikers who resigned from the Respondent and returned to work constituted restraint and coercion in violation of Section 8(b)(1(A) of the Act.¹⁰

CONCLUSIONS OF LAW

1. Canterbury Coal Company, Aloe Coal Company, and Valley Coal Company are employers engaged in commerce within the meaning of Section 2(2), (6), and (7) of the Act.

- 2. The Respondent, United Mine Workers of America, AFL–CIO is a labor organization within the meaning of Section 2(5) of the Act.
- 3. By maintaining, enforcing, and threatening to enforce the reimbursement provision of rule 7 of its Selective Strike Assistance Program, the Respondent has restrained and coerced and is continuing to restrain and coerce employees in the exercise of rights guaranteed by Section 7 of the Act in violation of Section 8(b)(1)(A) of the Act.
- 4. The aforesaid unfair labor practices are unfair labor practices affecting commerce within the meaning of Section 2(6) and (7) of the Act.

REMEDY

Having found that the Respondent has engaged in unfair labor practices in violation of Section 8(b)(1)(A) of the Act, we shall order it to cease and desist and to take certain affirmative action designed to effectuate the policies of the Act.

We shall order the Respondent to expunge the reimbursement provision of rule 7 from its Selective Strike Assistance Program which provides: "Anyone who was a recipient of strike assistance and returned to work during that selective strike shall owe the International Union reimbursement of all strike assistance previously paid him/her during that strike (including medical costs)." See Neufeld, supra; Sheet Metal Workers Local 73 (Safe Air), 274 NLRB 374, 375-376 (1985). In addition, we shall order the Respondent to refund to employees who resigned their membership and returned to work for their employer all moneys which they may have paid to the Respondent pursuant to the reimbursement provision of rule 7 of the Selective Strike Assistance Program, with interest to be computed in the manner set forth in New Horizons for the Retarded, 283 NLRB 1173 (1987).11

ORDER

The National Labor Relations Board orders that the Respondent, United Mine Workers of America, Avonmore, Pennsylvania, their officers, agents, and representatives, shall

- 1. Cease and desist from
- (a) Maintaining, enforcing, and threatening to enforce the reimbursement provision of rule 7 of its Selective Strike Assistance Program which provides: "Anyone who was a recipient of strike assistance and returns to work during that selective strike shall owe the International Union reimbursement of all strike assistance previously paid him/her during that strike (including medical cost)."

⁹The Respondent argues that the Board has "no jurisdiction" over this case because a collection action pursuant to the SSAP reimbursement provision is purely an internal union matter. The Respondent is wrong. As we have shown, the reimbursement rule directly affects employees who have resigned their membership in the Respondent and operates to coerce and restrain members and nonmembers in the exercise of their Sec. 7 rights to resign from the union and elect not to continue to participate in the strike, apart from any internal union affairs. See *Machinists Local 1994 (O.K. Tool)*, 215 NLRB 651, 653 (1974).

¹⁰ In view of this finding, we find it unnecessary to decide in this case whether the Respondent could lawfully apply the reimbursement provision of rule 7 to strikers who returned to work but did not resign from the Respondent.

¹¹ The stipulation of facts states that the General Counsel ''does not seek a remedy in regard to United Mine Workers of America (Canterbury Coal Company), Cases 6–CB–7601 and 6–CB–7779, as the parties in those cases have resolved their disputes.''

- (b) In any like or related manner restraining or coercing employees in the exercise of rights guaranteed by Section 7 of the Act.
- 2. Take the following affirmative action necessary to effectuate the policies of the Act.
- (a) Expunge the reimbursement provision of rule 7 set forth above from its Selective Strike Assistance Program guidelines and applications.
- (b) Refund to employees who resigned their memberships and returned to work for their employer, with interest, all moneys which they may have paid to the Respondent pursuant to the reimbursement provision of rule 7 of the Selective Strike Assistance Program.
- (c) Post at it business offices, meeting halls, and other places where notices to their members are customarily posted copies of the attached notice marked "Appendix." Copies of the notice, on forms provided by the Regional Director for Region 6, after being signed by the Respondent's authorized representative, shall be posted by the Respondent immediately upon receipt and maintained for 60 consecutive days in conspicuous places including all places where notices to members are customarily posted. Reasonable steps shall be taken by the Respondent to ensure that the notices are not altered, defaced, or covered by any other material.
- (d) Notify the Regional Director in writing within 20 days from the date of this Order what steps the Respondent has taken to comply.

APPENDIX

NOTICE TO MEMBERS
POSTED BY ORDER OF THE
NATIONAL LABOR RELATIONS BOARD
An Agency of the United States Government

The National Labor Relations Board has found that we violated the National Labor Relations Act and has ordered us to post and abide by this notice.

WE WILL NOT maintain, enforce, and threaten to enforce the following reimbursement provision of rule 7 of our Selective Strike Assistance Program:

Anyone who was a recipient of strike assistance and returns to work during that selective strike shall owe the International Union reimbursement of all strike assistance previously paid him/her during that strike (including medical costs).

WE WILL NOT in any like or related manner restrain or coerce you in the exercise of the rights guaranteed you by Section 7 of the Act.

WE WILL expunge the reimbursement provision of rule 7 set forth above from our Selective Strike Assistance Program guidelines and applications.

WE WILL refund to any employee who resigned their union membership and returned to work for their employer, with interest, all moneys which they may have paid to us pursuant to the reimbursement provision of rule 7 of the Selective Strike Assistance Program.

UNITED MINE WORKERS OF AMERICA

¹² If this Order is enforced by a judgment of a United States court of appeals, the words in the notice reading "Posted by Order of the National Labor Relations Board" shall read "Posted Pursuant to a Judgment of the United States Court of Appeals Enforcing an Order of the National Labor Relations Board."